

# San Jose Citywide Retail Strategy: **Part 2**

Nov. 26, 2018  
**City of San Jose**  
Community and Economic  
Development Committee

SAN JOSE

Photo: Village Oaks  
Shopping Center,  
South San Jose



# Why Undertake a Citywide Retail Strategy?

Shopping opportunities are essential to the quality of life in any city

Sales tax revenues are the second largest single revenue source for San Jose's General Fund

Supporting retail activity has been an ongoing objective for Envision 2040

Photo: Evergreen Village Square



# Strategy Goals and Timeline

**Goal 1:** Identify retail starved areas of the City, and prime retail sites in these areas that could be developed to meet this need.

**Goal 2:** Identify strategies to increase retail activities in new retail locations, and to boost existing retail sales.

**Timeframe of this strategy:** 3-5 years<sub>3</sub>



# San Jose Citywide Retail Strategy: Part 2



**National Retail Industry Trends**



**San Jose's Retail Context**

## Today's Discussion:



**San Jose's Retail Performance**



**Underserved Areas and Areas for Retail Expansion**



**Big Box Closures**



**Proposed Retail Strategies**

# San Jose's Retail Performance



San Jose's Top 10  
retail centers - \$/PSF



Retail employment



Competitive  
indicators



Sales tax trends



# San Jose's Top 10 Retail Centers' Performance

Center Name	Center Type	Total Annual Sales (2016)	Estimated Sales Per Square Foot (2016) *	Estimated Average Sales Per Square Foot for Similar Centers*
<b>Westfield Valley Fair</b>	<b>Super-Regional Mall</b>	<b>\$904,000,000*</b>	<b>\$647*</b>	<b>\$600 +</b>
Westfield Oakridge	Regional Mall*	\$407,836,950	\$352*	<\$400
<b>Santana Row</b>	<b>Lifestyle</b>	<b>\$344,836,933</b>	<b>\$533*</b>	<b>N/A</b>
Eastridge Mall	Regional Mall*	\$310,854,067	\$236	<\$400
<b>Almaden Plaza</b>	<b>Power Center*</b>	<b>\$243,294,893</b>	<b>\$404</b>	<b>\$300 +</b>
Westgate Center	Power Center*	\$202,079,217	\$318	\$250-300
<b>The Plant</b>	<b>Community/Power Center*</b>	<b>\$185,477,733</b>	<b>\$288</b>	<b>\$200 +/-</b>
San Jose Market Center	Power Center	\$116,282,133	\$342	N/A
<b>El Paseo de Saratoga</b>	<b>Community/Power Center*</b>	<b>\$74,723,850</b>	<b>\$212</b>	<b>\$250 +/-</b>
Almaden Ranch (Under Construction)	Power Center	\$48,465,000	\$155	N/A

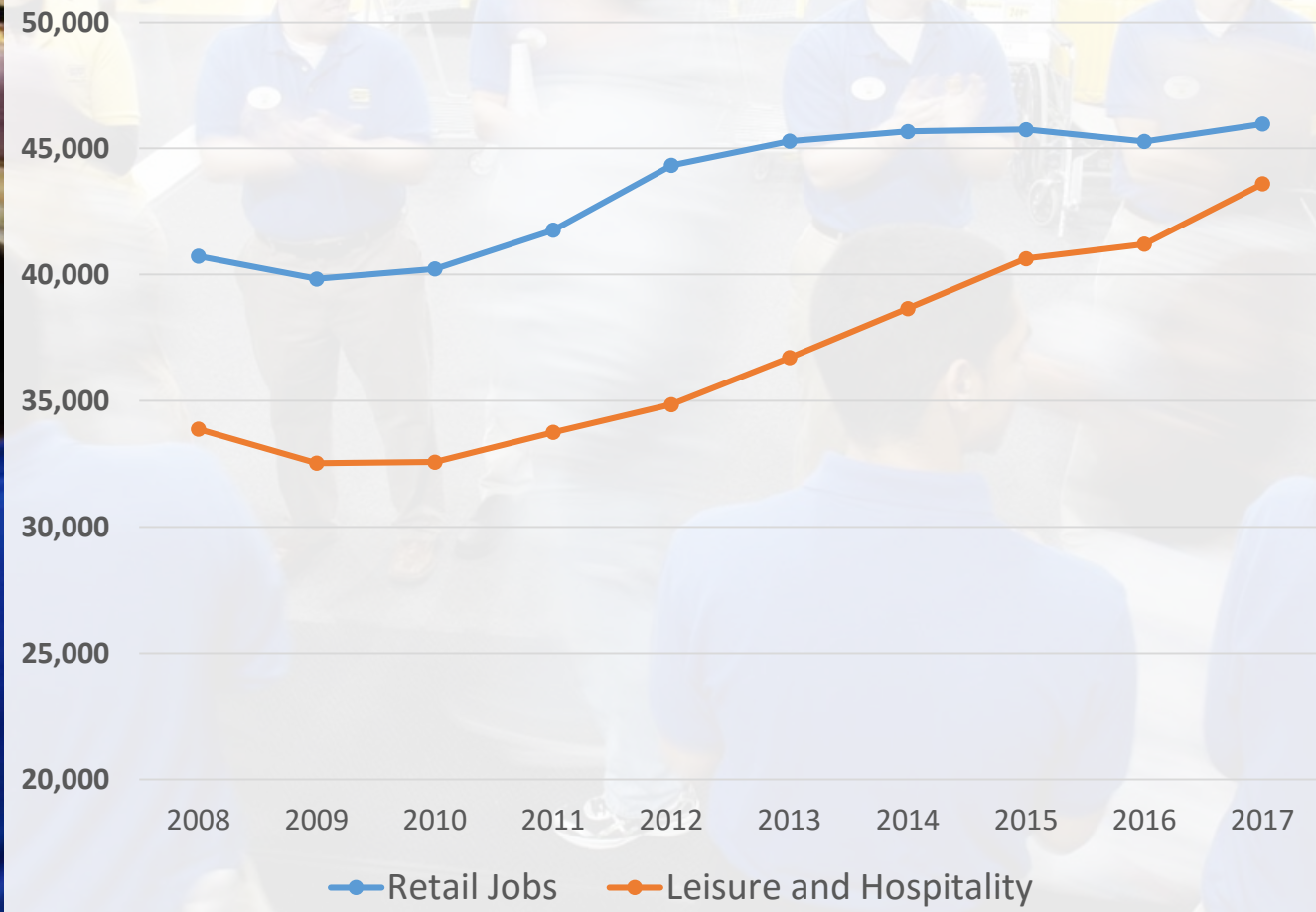
\*These values/figures were provided by industry reports and/or by Greensfelder Real Estate Strategy. All other values are estimated based on 2016 SBOE sales and 2016 CoStar inventory data.

Source: CoStar, 2016; California State Board of Equalization, 2016; Strategic Economics, 2018.



# Retail Employment Over Time

## San Jose Change in Employment, 2008-2017



# How Well Does SJ Compete?

98%

SJ General Retail Capture Rate



5% since 2010

10

new centers since 2006



...totaling 2.8M SF

104%

Transportation Sales Tax Capture



6% since 2010



\$38/\$145

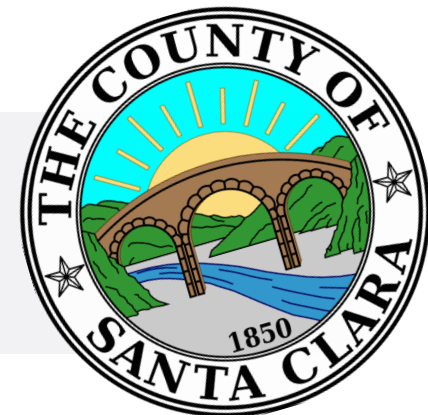
General Retail Sales Tax per Capita

Total Sales Tax Per Capita



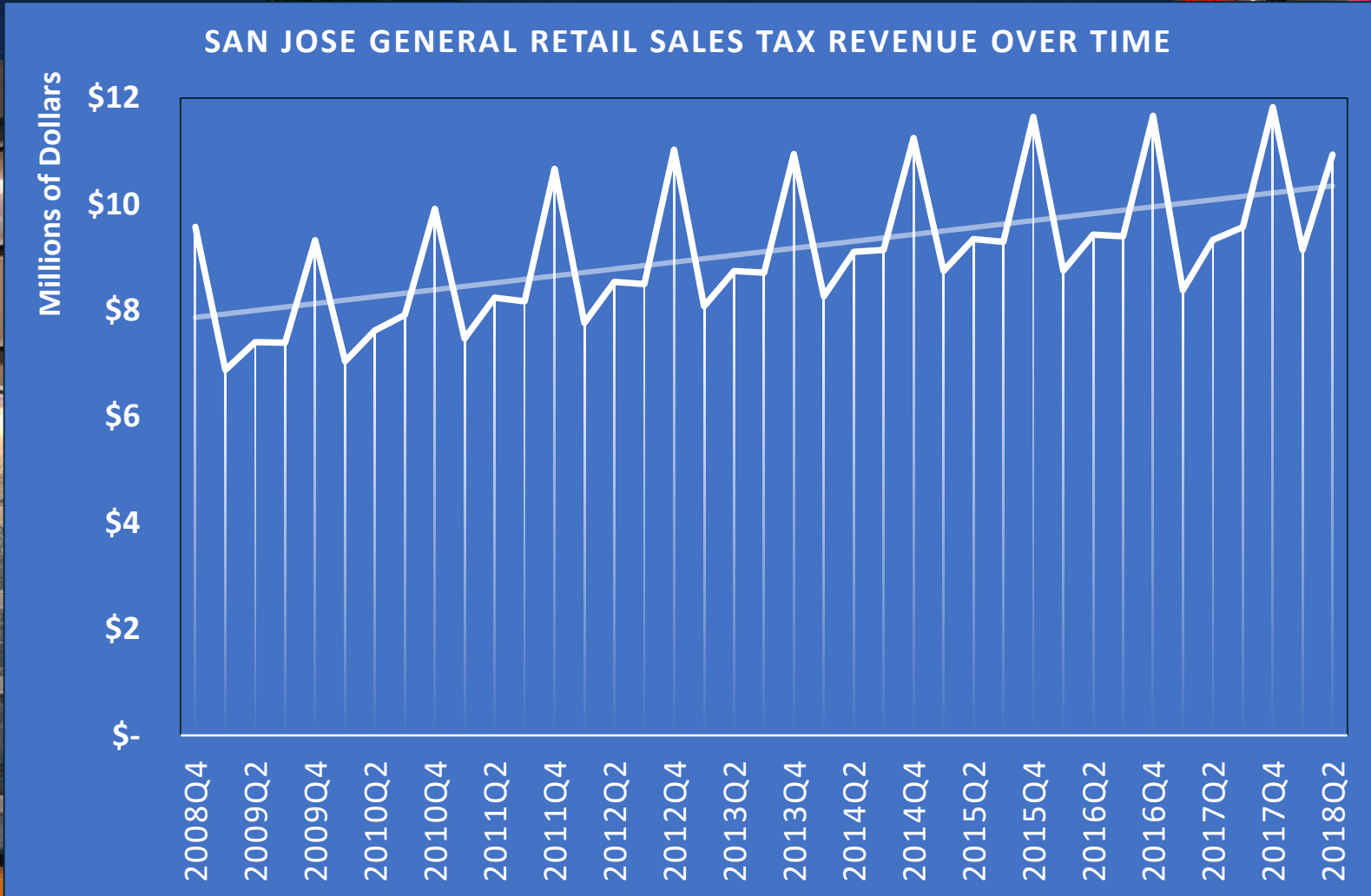
3.2%  
SJ Vacancy

2.8%  
SC County Vacancy





# Sales Tax from General Retail Generally Stable



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**Underserved Areas and Areas for Retail Expansion**



**Big Box Closures**



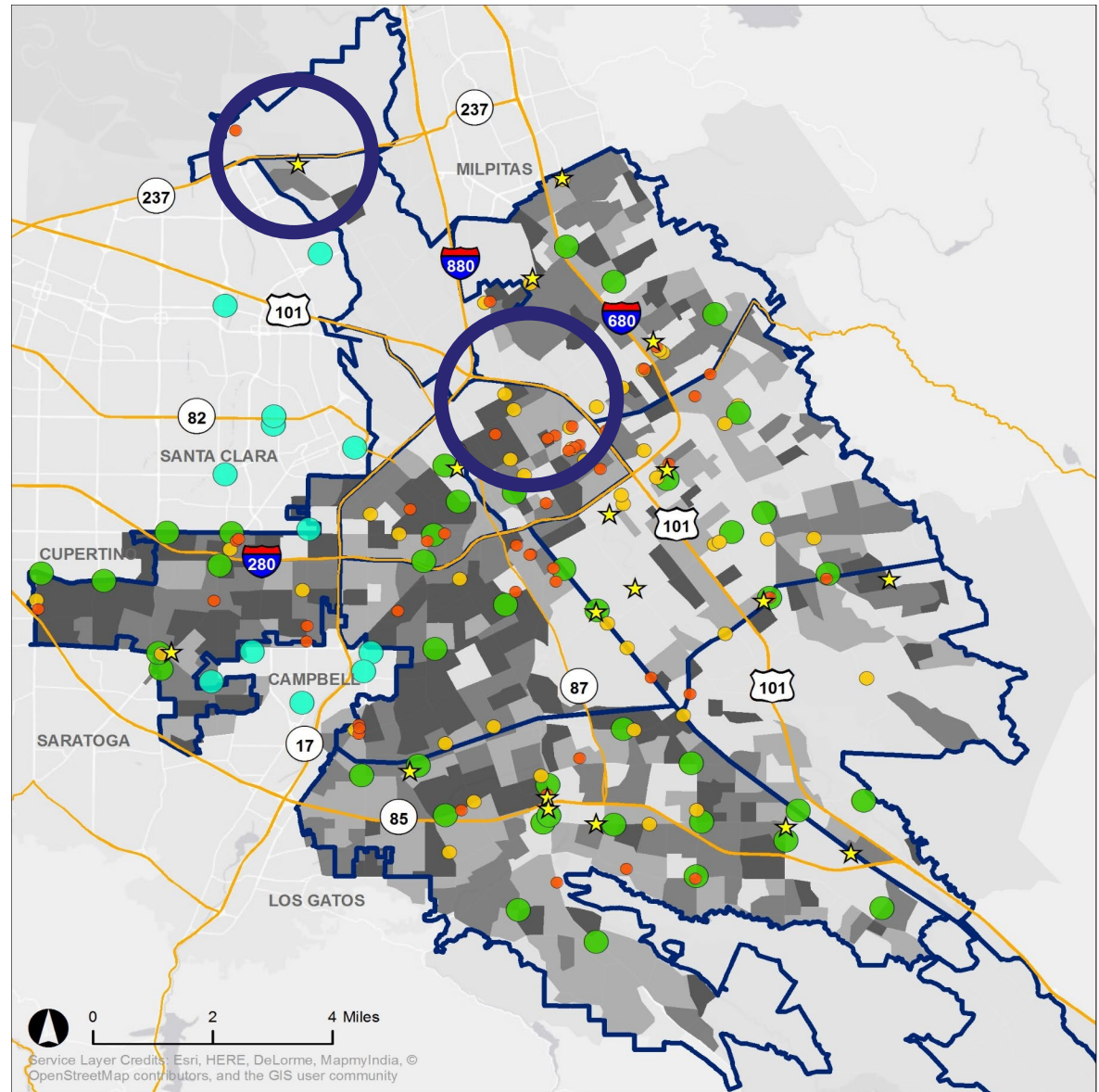
**Proposed Retail Strategies**

# Underserved Areas

“Underserved” = Any area not within a 1-mile radius of a full-service drugstore.

Does not address quality, simply access.

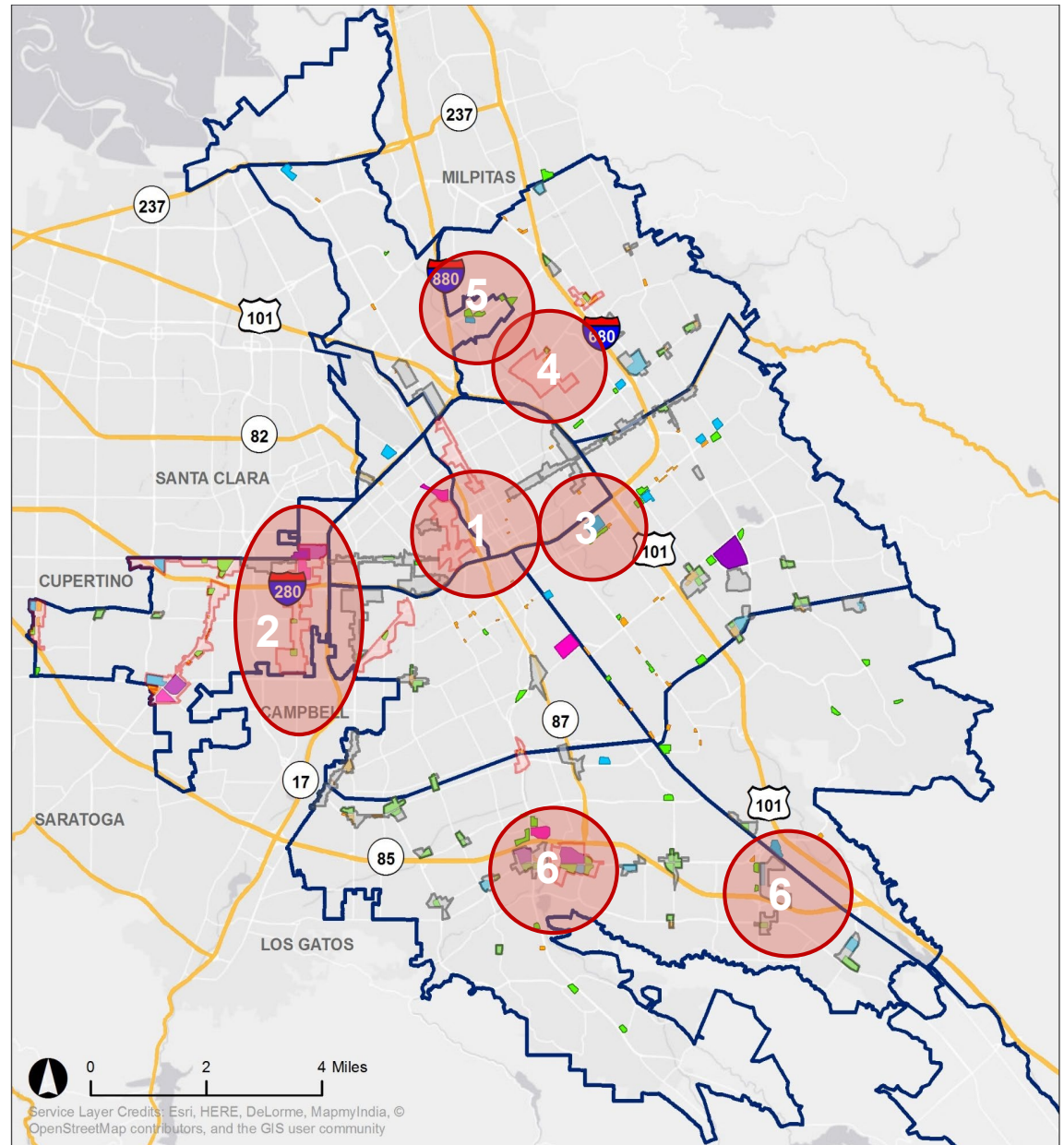
Two areas stand out:  
North San Jose and part of Berryessa



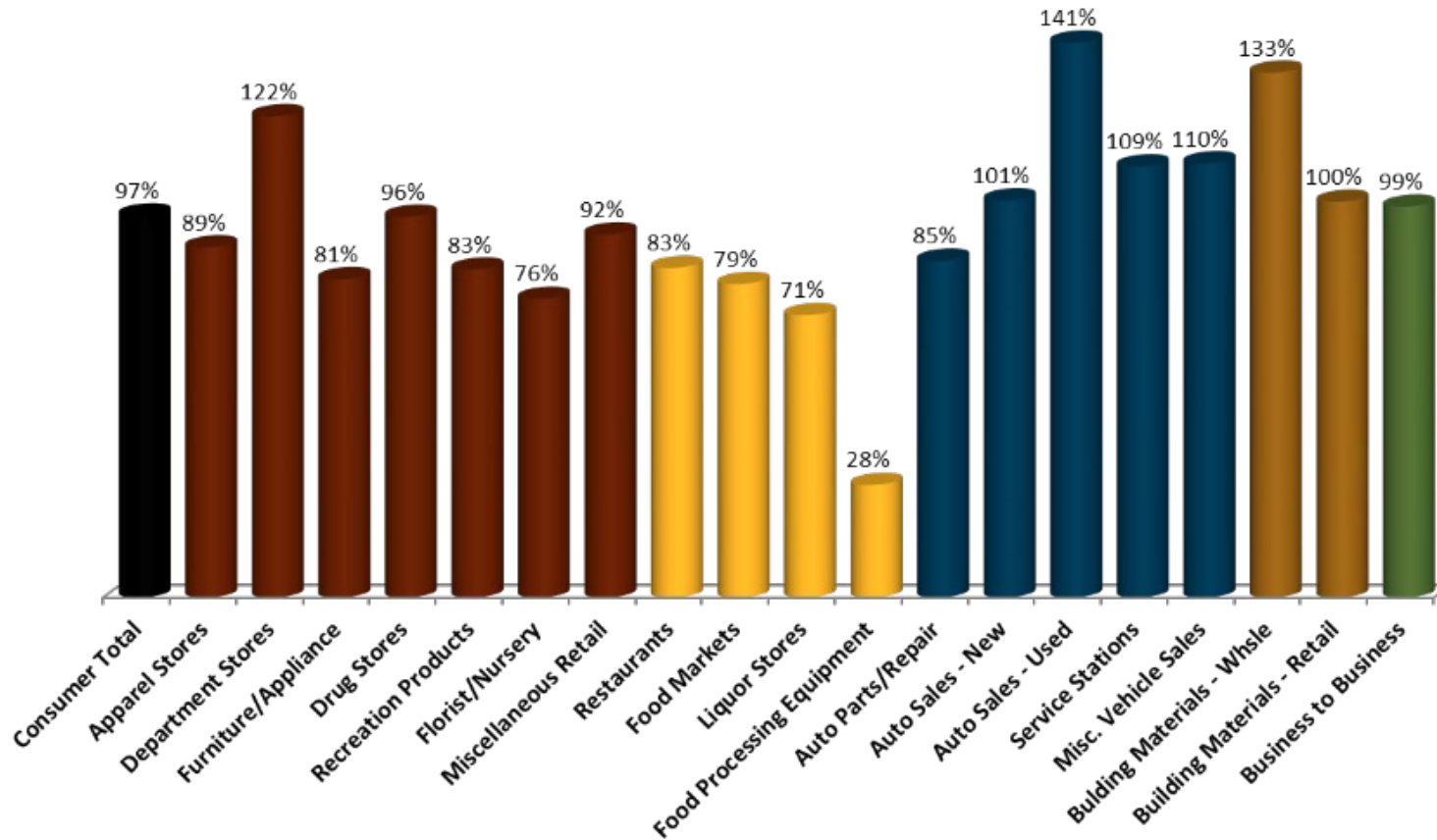
# Areas for Retail Expansion

**Criteria: High traffic, access, income, density, existing nodes and future growth.**

1. DTSJ, East Downtown
2. Winchester Corridor
3. 101 & 280 area
4. Berryessa BART
5. Oakland/Brokaw area
6. South SJ retail hubs



# Opportunity Sectors for Retail Expansion



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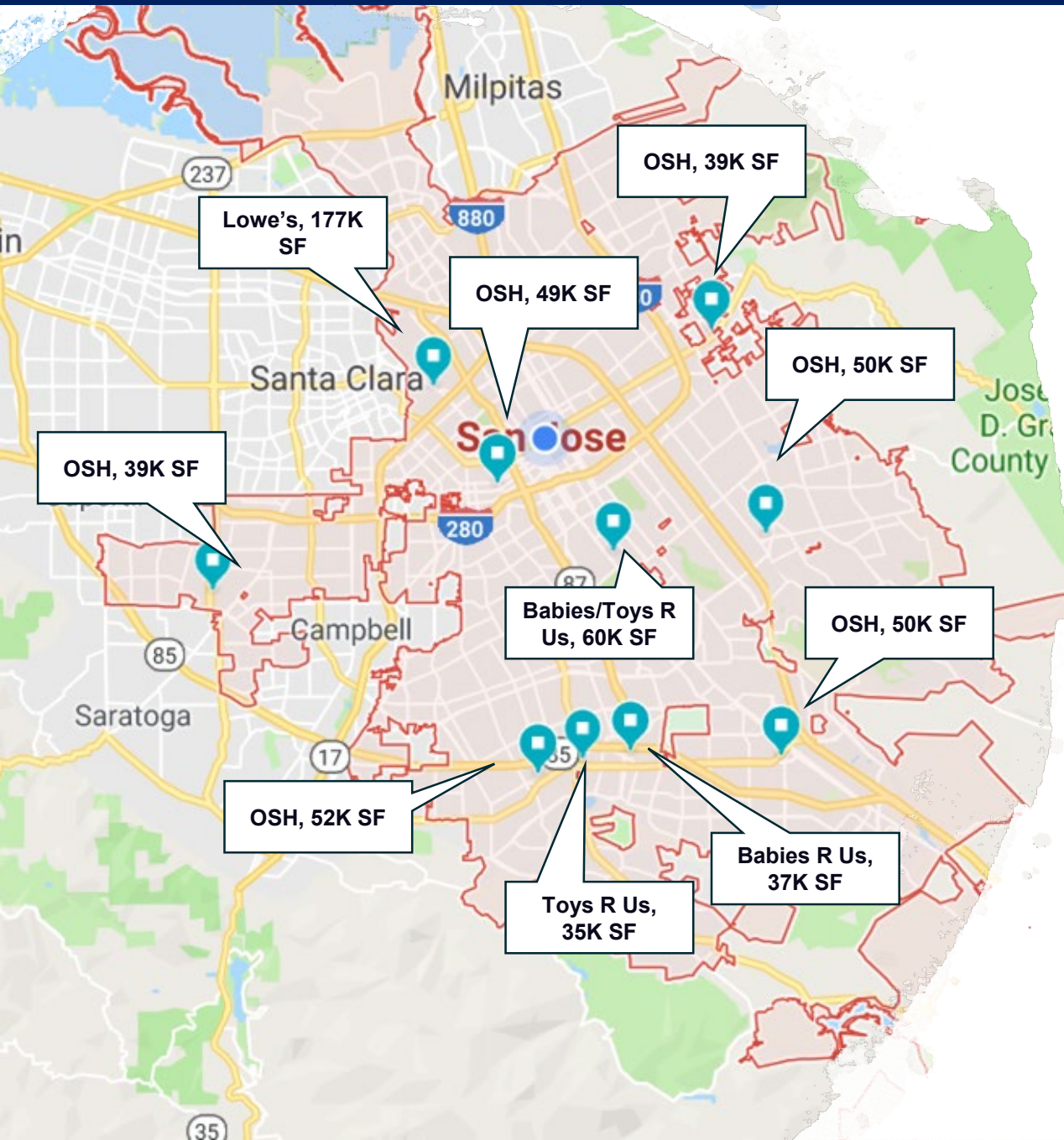
**Big Box Closures**



**Proposed Retail Strategies**



# Recent Major Chain Closure Announcements



Total 560,000 SF

SJ = 36M SF market

In general, good locations

But, potentially lengthy retenanting process

Some stores will be divided

Big-box closures = major focus area





# Creative Solutions: Eastridge Center



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**1. Develop SJ  
Marketing Collateral**

**2. Redouble  
Outreach Efforts**

**3. Plan for Big-Box  
Closures**

**Photo: Renovated Eastridge  
Center in East San Jose**

**4. Form and Maintain Relationships with Box Retailers**

**5. Assist Smaller Retailers with Space Needs and Services**



**Photo: VillaSport in Berryessa**

6. Facilitate Future and Evolving Entertainment/ Services Uses

7. Study Sign Code Updates to Support Retail



Photo: Bass Pro Shops Uncle Buck's Fish Bowl and Grill

8. Assess proposed retail/ commercial spaces for viability

9. Coordinate closely with mall owners on forward planning



Photo: Fruitdale Station (left), Oakridge Mall

# 10. Identify San Jose's Best Undeveloped (or Underdeveloped) Retail Corners



# Proposed Six-Month Workplan

1. Produce an updated retail 1-page flyer and retail copy for the SJEconomy website.
2. Produce 1 blog post per month featuring a San Jose retailer success story.
3. Market existing and upcoming big-box vacancies to expanding regional and national users, and meet with property owners to understand specific issues related to these vacancies and how the city can assist in the permitting process.
4. Undertake an inventory of underused retail sites at major corners to identify areas for new development or redevelopment.
5. Attend the International Council of Shopping Center's Monterey conference.
6. Identify top target sectors and users for additional outreach.
7. Host a roundtable with local brokers to understand concerns and trends.
8. Host outreach meetings with each of San Jose's major malls.
9. Finalize a mixed-use commercial space checklist for new development







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# Questions ?

SAN JOSE